



JOSEPH R. BIDEN, III
ATTORNEY GENERAL

DEPARTMENT OF JUSTICE
820 NORTH FRENCH STREET
WILMINGTON, DELAWARE 19801

CONTACT JASON MILLER
PUBLIC INFORMATION OFFICER
PHONE (302) 577-8949
CELL (302) 839-8939
Jason.Miller@state.de.us

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Biden Announces New Consumer Protection Measures

Wilmington, DE – Today, Attorney General Beau Biden announced that MoneyGram Payment Systems, Inc., a money transfer service, has agreed to take active steps to combat the use of its service by fraudulent telemarketers and other scam artists. As part of the agreement, MoneyGram will fund a national consumer awareness program, block suspected fraudulent wire transfers, and prominently warn its customers of the risk of fraud at the time they initiate wire transfers. The agreement follows a preliminary investigation and was reached with Delaware along with 43 other states and the District of Columbia.

“Criminals from across the globe use the ease of wire transfer services to prey on innocent consumers here in Delaware,” stated Attorney General Joseph R. Biden, III. “Today’s action will protect those consumers from the increasing threat of fraud and scams.”

The agreement is aimed at reducing the number of “fraud-induced transfers” – money wired by consumers to perpetrators of fraud and scams. One common example of this is the lottery scam, in which victims are told that they have won a monetary prize, but must first send funds to cover processing, taxes, or other fees in order to claim the winnings. Often, victims are instructed to send these funds via wire transfer services such as MoneyGram.

MoneyGram will implement several new policies to combat fraud-induced transfers, including:

- Funding a \$1.1 million national consumer education campaign on avoiding fraud-induced transfers.
- Placing prominent warnings on the dangers of fraud-induced transfers on its printed forms and website, with comparable warnings for telephone transfers.
- Enhancing anti-fraud training and notification efforts to company agents.
- Blocking wire transfers from specific consumers or to specific recipients when MoneyGram receives information to believe that fraud will occur.
- Ensuring that money transfers sent from the U.S.A. can only be picked up in the country designated by the sender.

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